

VZCZCXRO9804
PP RUEHCHI
DE RUEHBK #2516 2750702
ZNR UUUUU ZZH
P 020702Z OCT 09
FM AMEMBASSY BANGKOK
TO RUEHC/SECSTATE WASHDC PRIORITY 8473
RHMFIUU/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY
INFO RUEHCHI/AMCONSUL CHIANG MAI 7088

UNCLAS BANGKOK 002516

ASEAN COLLECTIVE

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [PREL](#) [ELTN](#) [TH](#)

SUBJECT: Approval to Lease 4,000 NGV Buses for Bangkok May Not Be as Corrupt as Thought

¶1. (SBU) SUMMARY AND COMMENT: The Thai Cabinet approved on September 29 a controversial proposal to lease, instead of buy, 4,000 buses for Bangkok. Opponents had alleged that the proposal was unjustified on economic grounds and likely involved kick-backs to the Phumjai Thai Party, which controls the Transport Ministry; key Phumjai Thai figures were close to then-PM Samak when the proposal first emerged in 2008. The cabinet decision, however, is in line with the recommendation of the government's generally well-regarded think-tank, which completed a financial analysis of the project at PM Abhisit's request. Suspicions will nevertheless linger that PM Abhisit and Phumjai Thai cut a deal, perhaps swapping Cabinet approval for the bus deal for confirmation of Abhisit's preferred candidate for Police Chief. END SUMMARY AND COMMENT.

¶2. (SBU) On September 29, the Thai Cabinet approved a proposal to lease 4,000 natural-gas-for-vehicle (NGV) buses. The program will cost roughly 2 billion USD over ten years and will replace the 3,500 buses the Bangkok Mass Transit Authority (BMTA) currently operates. Transport Minister Sophon Zaram first proposed leasing instead of buying more than a year ago, and his proposal has faced intense criticism ever since. Minister Sophon is part of the Phumjai Thai Party, currently part of the coalition government of Prime Minister Abhisit Vejjajiva, but formerly a component of the then ruling People's Power Party under PM Samak when the bus deal first emerged. Opponents have argued that the deal would not make financial sense and likely involved kick-backs to Phumjai Thai (note: in 2008, it was presumed that then PM Samak and banned politician Newin Chidchob would benefit. End note). In the face of criticism last June, Prime Minister Abhisit delayed a Cabinet decision on the proposal and sent it to the National Economic and Social Development Board (NESDB) for review.

¶3. (SBU) NESDB told the embassy after the Cabinet approval that the decision to lease the 4,000 NGV buses follows their recommendations. According to NESDB, they initially studied three possible solutions for the bus system and the BMTA: to lease, to purchase, or to operate by concession. Prime Minister Abhisit rejected the third option. Of the remaining two options, NESDB determined that leasing would give the BMTA less operational risk and higher ability to control their investment cost than purchasing the buses.

¶4. (SBU) In spite of the endorsement of NESDB, protests have ensued immediately following the announcement. Senator Rosana Tositrakul renewed her opposition to the plan and speculated that the Abhisit Administration could collapse because of it. Opposition Puea Thai MP Thanate Kruarat told us October 1 that he viewed the Cabinet approval of the bus deal as part of a package, in which Phumjai Thai would lift its opposition to PM Abhisit's candidate for Police Chief, GEN Patheep, in exchange.

JOHN